



SEI

19005915

DB

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	March 31, 2016
Estimated average burden hours per response.....	12.00

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 66278

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING January 1, 2018 AND ENDING December 31, 2018
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Inverness Securities, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

6060 Parkland Blvd, Ste. 200

(No. and Street)

Cleveland

(City)

OH

(State)

44124

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Robert Renner, CPA

216-839-5133

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Hobe & Lucas Certified Public Accountants, Inc.

(Name - if individual, state last, first, middle name)

4807 Rockside Road, Suite 510

(Address)

Independence

(City)

OH

(State)

44131

(Zip Code)

SEC

Mail Processing
Section

FEB 28 2019

Washington DC

413

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of
information contained in this form are not required to respond
unless the form displays a currently valid OMB control number.

RMS

OATH OR AFFIRMATION

I, Robert Renner, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Inverness Securities, LLC, as of December 31, 2018, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

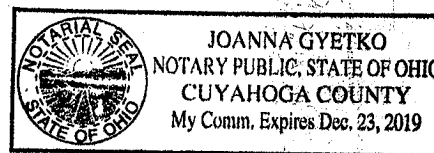
Robert Renner

Signature

Director Operations

Title

Joanna M Gyetko 8/27/19
Notary Public



This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

***For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*

INVERNESS SECURITIES, LLC

TABLE OF CONTENTS

	Page
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	1-2
FINANCIAL STATEMENTS:	
Statements of Financial Condition	3
Statements of Operations	4
Statement of Changes in Member's Equity	5
Statements of Cash Flows	6
Notes to Financial Statements	7-10
SUPPLEMENTAL INFORMATION:	
Computation of Net Capital Pursuant to Rule 15c3-1 of the Securities and Exchange Commission	11
Computation for Determination of Reserve Requirements and Information Relating to the Possession or Control Requirements Pursuant to Rule 15c3-3 of the Securities and Exchange Commission	12

Hobe & Lucas

Certified Public Accountants, Inc.

4807 Rockside Road, Suite 510 (P) 216.524.8900
Independence, Ohio 44131 (F) 216.524.8777
www.hobe.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of
Inverness Securities, LLC
Beachwood, Ohio

Opinion on the Financial Statements

We have audited the accompanying statements of financial condition of Inverness Securities, LLC as of December 31, 2018 and 2017, and the related statements of operations, changes in member's equity and cash flows for the years then ended, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial positions of Inverness Securities, LLC as of December 31, 2018 and 2017, and the results of its operations and cash flows for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of Inverness Securities, LLC's management. Our responsibility is to express an opinion on Inverness Securities, LLC's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to Inverness Securities, LLC in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to fraud or error. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Independent Member

B K R
INTERNATIONAL

Firms In Principal Cities Worldwide

Supplemental Information

The Supplemental Schedules of Computation of Net Capital Pursuant to Rule 15c3-1 of the Securities and Exchange Commission and Computation for Determination of Reserve Requirements and Information Relating to the Possession or Control Requirements Pursuant to Rule 15c3-3 of the Securities and Exchange Commission have been subjected to audit procedures performed in conjunction with the audit of Inverness Securities, LLC's financial statements. The supplemental information is the responsibility of Inverness Securities, LLC's management. Our audit procedures include determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presenting in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Hobe & Lucas
Certified Public Accountants, Inc.

We have served as Inverness Securities, LLC's auditor since 2012.

Independence, Ohio
February 26, 2019

INVERNESS SECURITIES, LLC

STATEMENTS OF FINANCIAL CONDITION

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 70,470	\$ 59,355
Accounts receivable	121,664	101,992
Other assets	<u>44,347</u>	<u>36,768</u>
	<u>\$ 236,481</u>	<u>\$ 198,115</u>
 LIABILITIES AND MEMBER'S EQUITY		
Accounts payable and accrued expenses	\$ 22,480	\$ 15,319
Member's equity	<u>214,001</u>	<u>182,796</u>
	<u>\$ 236,481</u>	<u>\$ 198,115</u>

The accompanying notes are an integral part of these financial statements.

INVERNESS SECURITIES, LLC**STATEMENTS OF OPERATIONS****for the years ending December 31, 2018 and 2017**

	2018	2017
Revenues:		
Commissions	\$ 105,220	\$ 59,550
Hedge fund advisory fee income	-	854
Trails & Other fee income	<u>2,113,060</u>	<u>2,004,966</u>
Total revenues	<u>2,218,280</u>	<u>2,065,370</u>
Expenses:		
Exchange and processing support fees	11,389	12,993
Ticket charges	-	22,413
Bank charges	15	186
Legal and professional fees	7,400	7,400
Dues and subscriptions	20,157	5,976
Insurance	33,487	23,716
Regulatory fees, licenses, and permits	34,494	25,478
Office supplies, postage, and delivery	12,027	9,259
Rent	20,756	15,600
Salaries and benefits	157,765	222,400
Registered representatives' commissions	1,091,703	1,088,863
Travel and entertainment	5,400	6,000
Telephone	630	876
Research	<u>-</u>	<u>3,375</u>
Total expenses	<u>1,395,223</u>	<u>1,444,535</u>
Other income:		
Interest income	<u>3,148</u>	<u>1,908</u>
	<u>3,148</u>	<u>1,908</u>
Net income	<u>\$ 826,205</u>	<u>\$ 622,743</u>

The accompanying notes are an integral part of these financial statements.

INVERNESS SECURITIES, LLC

STATEMENT OF CHANGES IN MEMBER'S EQUITY
for the years ending December 31, 2018 and 2017

Member's equity, December 31, 2016	\$ 122,788
Net income	622,743
Contributions from member	151,512
Distributions to member	<u>(714,247)</u>
Member's equity, December 31, 2017	182,796
Net income	826,205
Contributions from member	-
Distributions to member	<u>(795,000)</u>
Member's equity, December 31, 2018	<u>\$ 214,001</u>

The accompanying notes are an integral part of these financial statements.

INVERNESS SECURITIES, LLC**STATEMENTS OF CASH FLOWS****for the years ending December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Net income	\$ 826,205	\$ 622,743
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Increase in accounts receivable	(19,672)	(53,137)
Increase in other assets	(7,579)	(10,777)
Increase in accounts payable and accrued expenses	<u>7,161</u>	<u>14,930</u>
Net cash provided by operating activities	<u>806,115</u>	<u>573,759</u>
Cash flows from financing activities:		
Contributions from member	-	151,512
Distributions to member	<u>(795,000)</u>	<u>(714,247)</u>
Net cash used by financing activities	<u>(795,000)</u>	<u>(562,735)</u>
Net increase (decrease) in cash and cash equivalents	11,115	11,024
Cash and cash equivalents, beginning of year	<u>59,355</u>	<u>48,331</u>
Cash and cash equivalents, end of year	<u>\$ 70,470</u>	<u>\$ 59,355</u>

The accompanying notes are an integral part of these financial statements.

INVERNESS SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS
for the years ended December 31, 2018 and 2017

1. Summary of Significant Accounting Policies:

Company Activities – Inverness Securities, LLC (the Company) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and the State of Ohio, and is a member of the Financial Industry Regulatory Authority (FINRA).

The Company is engaged in a single line of business as a securities broker-dealer, which comprises several classes of services, including agency transactions.

Securities Transactions – Customers' securities transactions and related commission income and expenses are reported on a trade date basis. Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the statements of financial condition.

Cash and Cash Equivalents – The Company maintains its cash in deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any significant losses in such accounts. Management of the Company believes it is not exposed to any significant credit risk. The Company considers certificates of deposit to be cash equivalents.

Expenses – Clearing expenses are recorded on a trade date basis as securities transactions occur.

Concentration of Credit Risk – The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

Accounts Receivable – Accounts receivable are uncollateralized commission obligations due under normal trade terms requiring payments within 30 days from the report date. The Company generally collects receivables within 30 days and does not charge interest on accounts receivable with invoice dates over 30 days old. Accounts receivable are stated at the amount billed. Payments of accounts receivable are allocated to the specific invoices identified on the remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that exceed 90 days from the invoice date and based on an assessment of current credit worthiness, estimates the portion, if any, of the balance that will not be collected. Additionally, management estimates an allowance for the aggregate remaining accounts receivable based on historical collectability. At December 31, 2018 and 2017, there were no accounts receivable that exceeded 90 days past due. In the opinion of management, at December 31, 2018 and 2017, all accounts were considered collectible and no allowance was necessary.

NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2018 and 2017

1. Summary of Significant Accounting Policies, Continued:

Income Taxes – The Company has elected to be taxed under the provisions of the Internal Revenue Code as a limited liability company. Under those provisions and similar provisions of state law, the Company does not pay income taxes on its taxable income. Instead, the member is liable for individual income taxes on the Company's taxable income. Accordingly, there is no provision for income taxes in the financial statements.

The Company accounts for uncertainties in income taxes in accordance with accounting principles generally accepted in the United States of America, which provides for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return that have a greater than 50% chance of not being allowed under examination. No such positions have been recorded in the December 31, 2018 and 2017 financial statements. If such positions were taken, the resulting interest and penalties would be recognized as income tax expense.

As of December 31, 2018, the Company's federal income tax returns are subject to examination by the Internal Revenue Service for the years 2014 and thereafter.

Estimates – Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

Reclassifications – Certain reclassifications have been made to the 2017 financial statements to conform with the 2018 presentation.

Subsequent Events – Management of the Company has evaluated subsequent events through February 26, 2019, the date which the financial statements were available to be issued.

2. Related Parties:

The Company is affiliated through common management and ownership with another limited liability corporation. The Company has an expense sharing agreement with the affiliated company for certain expenses related to rent, salaries and benefits, technology, utilities, and supplies. The Company's allocation of shared expenses totaled approximately \$194,000 in 2018 and \$252,000 in 2017.

3. Net Capital Provision of Rule 15c3-1:

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital balance, as defined, under such provisions.

The Company's minimum capital requirement is the greater of \$5,000 or 6½% of aggregate indebtedness, as defined, under Securities and Exchange Commission Rule 15c3-1(a)(1), as it does not maintain customer accounts. Net capital may fluctuate on a daily basis. At December 31, 2018 and 2017, the Company had net capital of \$46,934 and \$43,169, respectively, which was \$41,934 and \$38,169, respectively, in excess of its required net capital of \$5,000.

NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2018 and 2017

3. **Net Capital Provision of Rule 15c3-1, Continued:**

In addition to the minimum net capital provisions, Rule 15c3-1 requires that the Company maintain a ratio of aggregate indebtedness, as defined, to net capital, of not more than 15 to 1. At December 31, 2018 and 2017, the ratio was .479 to 1 and .355 to 1, respectively.

4. **Exemption From Rule 15c3-3:**

Up to July, 31, 2017, the Company acted as an introducing broker or dealer, promptly transmitting all funds and delivering all securities received in connection with its activities as a broker or dealer and did not otherwise hold funds or securities for or owe money or securities to customers. The Company operated under Section (k)(2)(ii) of Rule 15c3-3 of the Securities Exchange Act of 1934 and was therefore exempt from the requirements of Rule 15c3-3. Subsequent to July 31, 2017, the Company acted as limited business broker dealer transacting directly with various mutual funds and variable annuities companies. The Company operated under Section (k)(1) of Rule 15c3-3 of the Securities Exchange Act of 1934 and was therefore exempt from the requirements of Rule 15c3-3.

5. **Termination of Custody Arrangement:**

The Company's custody arrangement with Pershing LLC was terminated effective July 31, 2017. Pershing took direct custody of any assets that remained on the platform after this date but a vast majority of these assets were transferred to other unaffiliated custodial broker dealers.

6. **Revenue from Contracts with Customers:**

In May, 2014, FASB issued Accounting Standards Update (ASU) No. 2014-09, Topic 606, *Revenue from Contracts with Customers*. This new revenue recognition standard eliminates the transaction- and industry-specific revenue recognition guidance and replaces it with a principle-based approach for determining revenue recognition. The core principle of Topic 606 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB ASU No. 2014-09, Topic 606 was implemented for fiscal year beginning January 1, 2018.

Significant Judgments

Revenue from contracts with customers includes commission income and trails & other fee income. The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgment is required to determine whether performance obligations are satisfied at a point in time or over time; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on the appropriate measure of the Company's progress under the contract; and whether constraints on variable consideration should be applied due to uncertain future events.

NOTES TO FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2018 and 2017

6. Revenue from Contracts with Customers, Continued:

Commissions. The Company buys and sells securities on behalf of its customers. Each time a customer enters into a buy or sell transaction, the Company may receive a commission. Commissions are recorded on the trade date (the date that the trade order is filled). The Company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon and the risks and rewards of ownership have been transferred to/from the customer.

Trails & Other Fee Income. The Company enters into arrangements with mutual funds or other pooled investment vehicles (funds) to distribute shares to investors. The Company may receive distribution fees paid by the fund up front, over time, upon the investor's exit from the fund, or as a combination thereof. The Company believes that its performance obligation is the sale of securities to investors and as such this is fulfilled on the trade date. Any fixed amounts are recognized on the trade date and variable amounts are recognized to the extent it is probable that a significant revenue reversal will not occur once the uncertainty is resolved. For variable amounts, as the uncertainty is dependent on the value of the shares at future points in time as well as the length of time the investor remains in the fund, both of which are highly susceptible to factors outside the Company's influence, the Company does not believe that it can overcome this constraint until the market value of the fund and the investor activities are known, which are usually monthly or quarterly. Distribution fees recognized in the current period are primarily related to performance obligations that have been satisfied in prior periods including the continuing service on the account.

INVERNESS SECURITIES, LLC**SUPPLEMENTAL SCHEDULE OF COMPUTATION OF NET CAPITAL
PURSUANT TO RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION
December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Net capital:		
Total member's equity from statement of financial condition	\$ 214,001	\$ 182,796
Less nonallowable assets	<u>(166,011)</u>	<u>(138,760)</u>
Net capital before haircuts on securities	47,990	44,036
Haircuts on securities	<u>(1,056)</u>	<u>(867)</u>
Net capital	<u>\$ 46,934</u>	<u>\$ 43,169</u>
Computation of aggregate indebtedness - total liabilities from statement of financial condition	<u>\$ 22,480</u>	<u>\$ 15,319</u>
Computation of basic net capital requirement - 6-2/3% of aggregate indebtedness	<u>\$ 1,499</u>	<u>\$ 1,021</u>
Minimum required net capital	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Net capital requirement	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Excess net capital	<u>\$ 41,934</u>	<u>\$ 38,169</u>
Ratio of aggregate indebtedness to net capital	<u>.479 to 1</u>	<u>.355 to 1</u>

A reconciliation of the computation of net capital under Rule 15c3-1 as included in the Company's unaudited Form X-17a-5 as of December 31, 2018, filed with the Securities and Exchange Commission and the amount included in the above computation is not required as there were no audit adjustments.

INVERNESS SECURITIES, LLC

**SUPPLEMENTAL SCHEDULES OF COMPUTATION FOR DETERMINATION
OF RESERVE REQUIREMENTS AND INFORMATION RELATING TO THE
POSSESSION OR CONTROL REQUIREMENTS PURSUANT TO RULE 15c3-3
OF THE SECURITIES AND EXCHANGE COMMISSION
for the years ended December 31, 2018 and 2017**

The Company is not required to present the schedules "Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3" and "Information Relating to the Possession or Control Requirements Under Rule 15c3-3" as it meets the exemptive provisions of Rule 15c3-3, under Section (k)(1) of the Rule.

INVERNESS SECURITIES, LLC
STATEMENT OF EXEMPTION PURSUANT TO RULE 15C3-3

DECEMBER 31, 2018

Hobe & Lucas

Certified Public Accountants, Inc.

4807 Rockside Road, Suite 510 Phone: (216) 524.8900
Independence, Ohio 44131 Fax: (216) 524.8777
<http://www.hobe.com>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member
Inverness Securities, LLC
Beachwood, Ohio

We have reviewed management's statements, included in the accompanying Statement of Exemption Pursuant to Rule 15c3-3, in which (1) Inverness Securities, LLC identified the following provisions of 17 C.F.R. §15c3-3(k) under which Inverness Securities, LLC claimed an exemption from 17 C.F.R. §240.15c3-3(k)(1) (exemptive provisions) and (2) Inverness Securities, LLC stated that Inverness Securities, LLC met the identified exemptive provisions throughout the most recent fiscal year without exception. Inverness Securities, LLC's management is responsible for compliance with the exemptive provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Inverness Securities, LLC's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to about for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(1) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Hobe & Lucas
Certified Public Accountants, Inc.

Independence, Ohio
February 26, 2019

Independent Member

B K R

INTERNATIONAL

Firms In Principal Cities Worldwide


INVERNESS SECURITIES, LLC
SEC RULE 15c3-3 EXEMPTIVE REPORT

Inverness Securities, LLC (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- a. Inverness Securities, LLC is exempt from SEC Rule 15c3-3 (SEC Customer Protection Rule) pursuant to exemptive paragraph 15c3-3(k)(1).
- b. Inverness Securities, LLC to the best of our knowledge has met the identified exemptive provision noted above throughout the most recent fiscal year of 2018 without exception.
- c. There were no exceptions noted.

Inverness Securities, LLC

I, Robert Renner, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

By: 
Title: Director- Operations
Date: February 19, 2019

Hobe & Lucas

Certified Public Accountants, Inc.

4807 Rockside Road, Suite 510 Phone: (216) 524.8900
Independence, Ohio 44131 Fax: (216) 524.8777
<http://www.hobe.com>

Report of Independent Registered Public Accounting Firm on Applying Agreed-Upon Procedures

To the Member of Inverness Securities, LLC
Beachwood, Ohio

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and the SIPC Series 600 Rules, we have performed the procedures enumerated below, which were agreed to by Inverness Securities, LLC and the Securities Investor Protection Corporation (SIPC) with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) of Inverness Securities, LLC for the year ended December 31, 2018, solely to assist you and SIPC in evaluating Inverness Securities, LLC's compliance with the applicable instructions of General Assessment Reconciliation (Form SIPC-7). Inverness Securities, LLC's management is responsible for Inverness Securities, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SPIC-7 with respective cash disbursement records entries, including the general ledger, bank statements and copies of checks, noting no differences;
2. Compared the Total Revenue amount reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2018 with the Total Revenue amount reported in Form SIPC-7 for the year ended December 31, 2018 noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers (Excel spreadsheets derived from the general ledger) that were prepared by management noting no differences;
4. Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers (Excel spreadsheet derived from the general ledger) that were prepared by management supporting the adjustments noting no differences; and
5. Not applicable – there is no overpayment.

Independent Member

B K R

INTERNATIONAL
Firms In Principal Cities Worldwide

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the applicable instructions of the Form SIPC-7. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Hobe & Lucas
Certified Public Accountants Inc.

Independence, Ohio
February 26, 2019

SIPC-7

(36-REV 12/18)

SECURITIES INVESTOR PROTECTION CORPORATION

P.O. Box 92185 Washington, D.C. 20090-2185

202-371-8300

General Assessment Reconciliation**SIPC-7**

(36-REV 12/18)

For the fiscal year ended 12/31/2018

(Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

10*10*****1983*****MIXED AADC 220
 66278 FINRA DEC
 INVERNESS SECURITIES LLC
 6060 PARKLAND BLVD STE 200 STE
 CLEVELAND, OH 44124-4226

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

ROBERT RENNER (216) 839-5130

2. A. General Assessment (item 2e from page 2)

\$ 1722

B. Less payment made with SIPC-6 filed (exclude interest)

(1084)

07/25/2018

Date Paid

C. Less prior overpayment applied

(0)

D. Assessment balance due or (overpayment)

638

E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum

0

F. Total assessment balance and interest due (or overpayment carried forward)

\$ 638

G. PAYMENT: ☒ the box

Check mailed to P.O. Box ☒ Funds Wired ☐ ACH ☐

Total (must be same as F above)

\$ 638

H. Overpayment carried forward

\$(0)

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

INVERNESS SECURITIES, LLC

(Name of Corporation, Partnership or other organization)

[Signature]

(Authorized Signature)

DIRECTOR OPERATIONS

(Title)

Dated the 11 day of February, 2019.

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates:

Postmarked

Received

Reviewed

Calculations

Documentation

Forward Copy

Exceptions:

Disposition of exceptions:

DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT

Amounts for the fiscal period
beginning 1/1/2018
and ending 12/31/2018

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

Eliminate cents

\$ 2,221,426

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):

(Deductions in excess of \$100,000 require documentation)

- (9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$

- (ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$

Enter the greater of line (i) or (ii)

Total deductions

2d. SIPC Net Operating Revenues

2e. General Assessment @ .0015

1,073,251
1,148,175
1722

(to page 1, line 2.A.)